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SUBJECT: MEDIA REACTION: TAIWAN SUSTAINABLE ECONOMIC DEVELOPMENT  
CONFERENCE, KMT CHAIRMAN MA'S TRIP TO JAPAN

¶1. Summary: Taiwan's major Chinese-language dailies gave significant coverage July 28 to a Ministry of Audit report Thursday concerning "possible irregularities" in the Presidential Office's allowance for state affairs. News coverage also focused on the Taiwan Sustainable Economic Development Conference, which will conclude today; and investigation into a cable car construction corruption case involving the vice minister of interior. The pro-unification "United Daily News" ran a front-page banner headline that read "Presidential Office Allegedly Involved in Illegal Use of Allowance for State Affairs," and the front-page headline in the pro-status quo "China Times" said "Bian's State Affairs Fund Will Have to Be Returned and [Relevant Officials] Will Face Charges."

The "China Times" also carried the results of its latest survey on page five, which showed that the approval rating for Premier Su Tseng-chang, the DPP's presidential hopeful for 2008, dropped from

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45 percent to 32 percent in four months. The poll also found that if KMT Chairman Ma Ying-jeou and Premier Su compete for presidency in 2008, 42 percent of respondents said they would support Ma, while 18 percent said they would vote for Su. The "United Daily News," in addition, has for the third consecutive day dedicated one or more inside pages to Beijing's preparations for the 2008 Olympic Games.

¶2. In terms of editorials and commentaries, an editorial in the pro-independence "Liberty Times," Taiwan's biggest daily, criticized some Blue supporters and pro-China media outlets for attempting to interpret the Taiwan Sustainable Economic Development Conference from the perspective of political schemes and power. A "China Times" editorial, on the other hand, questioned how long Taiwan's economy will have to be hijacked by the Green fundamentalists. An editorial in the limited-circulation, pro-independence, English-language "Taiwan News," however, discussed KMT Chairman Ma Ying-jeou's recent trip to Japan, saying the KMT's pro-China mentality is the main reason for the cool reception Ma received in Japan. End summary.

¶3. Taiwan Sustainable Economic Development Conference

A) "How Can Cross-Strait Trade and Economics Be Interpreted in Terms of Political Schemes and Power?"

The pro-independence "Liberty Times" [circulation: 600,000] editorialized (7/28):

"A noteworthy phenomenon during the controversial Taiwan Sustainable Economic Development Conference was that when discussing cross-Strait trade and economic policies, the side calling for

opening and more relaxation was labeled by the Blue camp as the one adopting the Su revisionist line, while the other side that emphasized management and tightening was tagged as Taiwan independence fundamentalists. The former was viewed as an aggressive attempt by Premier Su Tseng-chang to draw a line between himself and President Chen's proactive management policy and to pave the way for his presidential campaign in 2008. The latter, on the other hand, was regarded as joint efforts by former President Lee Teng-hui and Chen to attack Su from both sides, in an attempt to consolidate the core Green supporters. This attempt to interpret the motives for the debate over cross-Straits trade and economic policy from the perspective of power struggles and campaign interests is evidently a ridiculous, gross mistake. ..."

B) "How Long Will Taiwan's Economy Be Hijacked by the Fundamentalists?"

The pro-status quo "China Times" [circulation: 400,000] editorialized (7/28):

"... Viewed as a whole, the discussions over cross-Straits trade and economics during the Taiwan Sustainable Economic Development Conference were very much like a killing field for the fundamentalists. These fundamentalists used discredited economic discourse to try to stop the big trend of cross-Straits trade and economic development. Participants in the Sustainable Economic Development Conference said these people slashed and boycotted any proposals made at the conference concerning cross-Straits opening without any reasons. They even called for legislation of bills to ban or regulate 'lobbying for mainland China.' Such a legislative move that suppresses the freedom of speech of other people, in an attempt to shape restricted, uniform articulation and thereby control the terrain of debating Taiwan's trade policy, would not only disrupt the normal mechanism with which a policy is formed, but also ruin Taiwan's democratic foundation. The move thus deserves severe criticism. In the face of this anti-democratic approach, it is indeed a big problem for the administrative branch to break the deadlock. ..."

#### 4. KMT Chairman Ma's Trip to Japan

"Ma Risks Security with Myth of 'Equal Distance'"

The pro-independence, English-language "Taiwan News" [circulation: 20,000] editorialized (7/28):

"... The most worrisome position floated by the KMT chairman during his Japan visit was almost entirely ignored by the Taiwan media, namely Ma's openly expressed reservations about the role of the U.S.-Japan Security alliance in the Asia-Pacific region. ... When senior U.S. and Japan diplomats proposed the provision of assistance to create a balance in the Asia-Pacific region and an environment favorable for the development of Chinese democracy, the KMT adopted an evasive stance. Instead, the KMT treated the 'U.S.-Japan Alliance' and 'Taiwan-China relations' as 'zero-sum games' and expressed considerable apprehension that good relations between Taiwan and the 'U.S.-Japan Security Alliance' would influence relations between Taipei and Beijing. As a result, the adoption of an apparent strategy of 'neutrality for neutrality's sake' by the KMT could well lead to Taiwan's strategic isolation and eventual subordination to the PRC.

"In considering the Taiwan Strait issue, we must understand that the traditional 'U.S.-China-Taiwan triangle' can no longer cope with the current strategic situation in the Taiwan Strait. ... Japan's strategic concepts and its expectations toward both Taiwan and the PRC will also become one of decisive factors that will affect the formation of the strategic situation in the Taiwan Strait. Facing today's situation in East Asia, the KMT is still mired in the 'strategic ambiguity' mentality of the previous few decades and has entirely placed its hopes for the future of Taiwan's economy, security and development on the PRC, fears only offending Beijing and no longer cares for the relationships with the United States or Japan.

"Senior Japanese officials are reported to be especially concerned over Ma's concept of promoting 'equal distance' between Taiwan and

the United States, Japan, and the PRC and his willingness to accept the framework of the mythical 'Consensus of 1992' which constitutes an acceptance of Beijing's 'one China' principle. ... This ostrich mentality and the KMT's wishful thinking of the 'goodwill' of an authoritarian and militaristic power instead of two long-time democratic partners threaten to exacerbate Taiwan's diplomatic and security isolation and pave the way for a massive strategic disaster. Fear of this specter is the main reason for the cool reception given Ma and his KMT delegation in Japan."

YOUNG